



Stimulus #3 Talking Points

February 14, 2002

State of the Economy:

- Economists tell us that the current recession began last March.
- Last March unemployment totaled 6.1 million or 4.3%. Last month unemployment totaled 7.9 million or 5.6%.
- The number of announced layoffs since March totals over 1.9 million. To put that in context, this is equivalent to the entire population of Dallas and San Francisco losing their job in the last 10 months. This of course even underestimates the problem since it would assume that every citizen of those two cities was employed, including seniors and children.

Our Response:

- From almost the moment it was determined that the economy was in trouble, President Bush and House Republicans began developing a plan to help rejuvenate the economy, create more jobs, and get Americans back to work.
- On October 24th of last year, the House passed its first stimulus bill based on the outline provided by the President. After waiting 57 days for the Democrat controlled Senate to either act on the House proposal or develop one of its own, House Republicans decided to help move the Senate along by passing a second economic stimulus bill.
- Today, February 14th, is the 56th day since passage of the second House stimulus bill. The Democrat controlled Senate has still yet to act on any proposal to help stimulate the economy and create jobs.
- The only item Senator Daschle was able to move through the Senate was a 13-week extension of unemployment benefits and he was only able to pass that a week ago yesterday.

- Extending unemployment will not create a single job. Displaced workers want their jobs back, not permanent unemployment.
- This bill and indeed the last two bills passed by the House would do just that -- create jobs.
- According to the Heritage Foundation's Center for Data Analysis, the **stimulus proposals advocated by the House would create on average 194,000 additional jobs per year over the next four years.**

How the Key Components of the Republican Stimulus Package Will Help Create Jobs:

Immediately lowering the 27% tax rate to 25% will save 33 million taxpayers over \$12 billion this year. Small businesses and entrepreneurs account for 10 million of those benefiting from this provision. The lower marginal tax rates and extra cash in the hand of these business owners will provide incentives for hiring and business expansion.

The provision in this bill increasing the amount a small business can deduct immediately for business investments by \$16,000 will provide an even greater incentive for small businesses to expand. Helping small businesses is particularly important since they employ over half of the private workforce and in recent years have been responsible for creating 80% of all new jobs.

Larger employers will also benefit from the new 30% bonus depreciation for business investments and the reduction in the Corporate Alternative Minimum Tax, which actually increases taxes on companies when they are losing revenue. These two provisions will make it easier for companies to keep the workers they have now and expand to create more jobs.

Assistance for Displaced Workers:

The House bill provides immediate assistance for displaced workers, including:

- 13 additional weeks of unemployment benefits (with a possible further extension triggered if unemployment increases)
- a Health Care Tax Credit that provides a 60% advanceable and refundable credit (without a cap) for displaced workers with no access to health care coverage to purchase insurance of their choice.